2010 INTERIM REPORT

tom®

TOM Group Limited

Incorporated in the Cayman Islands with limited liability

Stock Code:2383

Contents

Definitions

"Associates"	has the meaning ascribed under the Listing Rules
"CKH"	means Cheung Kong (Holdings) Limited
"Company" or "TOM"	means TOM Group Limited
"Director(s)"	means the director(s) of the Company
"Greater China"	means Mainland China, Hong Kong, Macau and Taiwan
"Group" or "TOM Group"	means the Company and its subsidiaries
"HWL"	means Hutchison Whampoa Limited
"Listing Rules"	means the Rules Governing the Listing of Securities on the Stock Exchange
"Mainland China"	means The People's Republic of China, excluding Hong Kong, Macau and Taiwan
"New Option Scheme"	means the share option scheme adopted by the Company on 23 July 2004
"Old Option Scheme"	means the share option scheme adopted by the Company on 11 February 2000 (as amended) and terminated with effect from 4 August 2004
"Pre-IPO Share Option Plan"	means the Pre-IPO Share Option Plan adopted by the Company on 11 February 2000
"SFO"	means the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Stock Exchange"	means The Stock Exchange of Hong Kong Limited
"TOM Online"	means TOM Online Inc.

I am pleased to announce the results of TOM Group Limited ("TOM" or the "Company") and its subsidiaries (collectively referred to as the "TOM Group" or the "Group") for the six months ended 30 June 2010.

Despite improved market conditions in Mainland China, market uncertainties and changing regulatory policies continued to present a challenging environment for the Group's business in the wireless and Internet sectors. Nevertheless, the Group reported a stable overall performance with a slight increase of 4% in revenues for the six months ended 30 June 2010. Earnings before interest, tax, depreciation and amortisation improved about 90% to HK$75.7 million. Operating loss before one-off items was significantly reduced by 83% to HK$7.1 million. Loss attributable to shareholders was HK$66 million and loss per share was HK cents 1.70.

Despite changing regulations and mobile operator policies pertaining to wireless businesses, the Internet Group reported an 8% increase in revenues for the first half. Revenues of the Internet Group were HK$563 million and segment profit was HK$19 million. The Internet Group continues to invest and innovate in 3G mobile internet services.

The Group's share of losses from Eachnet's C2C e-commerce business was reduced by nearly 50%.

The Group's joint venture with China Post in a new B2C e-commerce platform – www.ule.com.cn will be formally launched in early August this year, offering users a unique, reliable and integrated shopping experience from online to offline to mobile.

The Publishing Group reported significant improvement in its financial performance with segment profit increasing 60% to HK$52 million. Revenues rose 9% to HK$439 million as compared to the same period last year. In response to the rapid emerging trend of e-reading devices, the Group has launched new initiatives over the last 2 years and now has e-reading, e-learning and simultaneous publication of digital and print versions capabilities.

Outdoor Media Group ("OMG") is beginning to see some growth momentum after consolidation and restructuring activities in prior periods. In May 2010, OMG was appointed by the outdoor media arm of Shanghai Media and Entertainment Group as an advertising agent for its major outdoor media assets in Shanghai. The Group reported revenues of HK$140 million with segment loss reduced considerably by 30% to HK$10 million.

The Television and Entertainment Group reported some improvement in its financial performance with a 38% increase in revenues and a slight reduction in segment loss. This Group has launched new initiatives to strengthen its programme offerings and extend distribution over both traditional and digital platforms, providing seamless entertainment experience for users and a new opportunity for advertisers.

In the second half, the Group will focus on cost and operational management, key alliances with industry partners, and continued product and service innovation. Barring adverse regulatory and policy changes affecting its businesses, the Group should show continued improvement in operating performance over the remainder of the year.

I would like to take this opportunity to thank all of the Group's management and staff for their continuing hard work and dedication.

Frank Sixt
Chairman

Hong Kong, 3 August 2010

Financial Highlights

	For the six months ended	
	30 June 2010	30 June 2009
	HK$'000	*HK$'000*
Revenues	**1,243,826**	1,192,708
Earnings before interest, tax, depreciation and amortisation (EBITDA)*	**75,703**	40,012
Operating loss# (excluding one-off/non-cash items)*	**(7,131)**	(42,152)
Net (loss)/profit attributable to shareholders	**(66,106)**	11,665
(Loss)/earnings per share (HK cents)	**(1.70)**	0.30

\# *Including share of results of associated companies and jointly controlled entities*

* *Before gain on acquisition of additional interests in a subsidiary, and provision for impairment of goodwill and other assets*

Business Review

Internet – Revenues increase by 8% with commitment to pushing forward B2C e-commerce and 3G mobile internet

In the first half of the year, the tightened regulatory environment pertaining to the telecommunication and internet sectors in Mainland China continued to affect the Internet Group's service income and revenues. However, TOM was able to maintain its leading position in the industry through disciplined operation and provision of quality services. With a view to capture opportunities in the emerging 3G mobile internet markets, the Group strived to offer an operator and device agnostic platform and introduced an array of innovative service offerings by leveraging on its unique media resources and partnership network, wealth of online technology and operating experience. In the review period, the Internet Group posted revenues of HK$563 million, an increase of 8% as compared to the same period last year. Segment profit amounted to HK$19 million.

Continued growth in online sports communities

With the view to provide its sports fans with unparalleled online and wireless seamless experience, TOM developed an unmatched and integrated sports platform, which through its cooperation with leading local and overseas partners, provides unique content, innovative and interactive community services.

TOM Sharkwave (www.shawei.com), a sports and leisure portal, was very popular among users. By the end of June, its average monthly page views saw a significant 61% growth as against the end of last year. The Group also continued to expand into the basketball arena. TOM in conjunction with the Chinese Basketball Association, launched an interactive basketball platform, Uhoop (www.uhoop.cn), which offers an online platform for young fans all over the world. Its success rides on not only as a leading online community, but also an education and information platform for basketball fans. To-date, Uhoop has already acquired over a million of loyal basketball fans. In addition, a TV programme of the same title is shown in the Air Classroom Channel of China Education TV, reaching the students and teachers in more than 300,000 rural elementary and high schools.

In addition, TOM extended its offerings to cover personal health. TOM, together with Guangdong General Hospital, jointly introduced a new interactive health product Dietmama (www.dietmama.com) featuring one of the most comprehensive online databases on the calorie information on Chinese diet. Its beta launch has been met with overwhelming response. Within a few weeks of its launch, it has acquired over 65,000 active users. In the second half of the year, Dietmama will cooperate with more partners with the view to provide users with a variety of multi-language mobile applications, online consultation, social networking functions and an array of health information.

Ule – integrated online, wireless and offline shopping platform

In early August 2010, TOM entered into a joint venture agreement with China Post. China Post has an extensive network, penetrating into distant rural villages, with 46,000 post office locations, 150,000 postmen and 36,000 banking points. In support of such a venture, TOM will allocate resources at the value of RMB200 million (approximately HK$228 million) towards the marketing of the integrated B2C shopping platform Ule (www.ule.com.cn).

Pursuant to the agreement, the joint venture company will be owned as to 49% and 51% by TOM and China Post respectively. China Post will provide offline sales channel, warehousing, logistic supports and fulfillment, while TOM will be the exclusive technology service provider.

Ule will contribute in fulfilling the nation's call for secured and reliable online shopping. It is a unique shopping platform with product ranges including fashion, home goods, sports & outdoor goods, handbags & shoes, healthcare and personal care products etc. Since its beta launch in October 2009, Ule has attracted over a thousand well-known local and international merchants such as Shiseido, Avon, LG, Samsung and Giordano.

The official launch of Ule has been scheduled in early August. After the online launch, Ule will commence to offer offline catalogue services, over-the-counter sales services will initially be made available at over a thousand China Post counters across 18 cities in Henan Province. To promote more convenience to buyers, Ule will be able to take orders over its phone-order service hotline 11185 and Ule gift cards will be issued and sold nationwide via China Post counters. Leveraging on China Post's extensive network and TOM's vast experience in online technology and network, Ule is poised to become a sizeable and trustworthy interactive shopping platform offering an unparalleled fun shopping experience anytime anywhere. Ule will continue to enrich its product range by including more renowned local and international premium brands, attracting a variety of quality and authentic products.

Publishing – Segment profit surges by 60% and digital publishing gets a boost

Following the rebound in the advertising market on the back of the gradual global recovery, the Publishing Group reported significant improvement in its financial performance in the first six months. Growth in the Group's digital and traditional publication were comparable as readers were offered a more comprehensive range of services, accordingly there were 18% and 8% year on year growth in revenues from digital and traditional publishing respectively. The division posted profit amounting to HK$52 million, up by 60%. Revenues increased by 9% to HK$439 million. In an effort to meet the increasing market demand for digital content, simultaneous with the speeding up of its development of digital publishing and related applications, the Group also further expanded its distribution channels to online platforms.

Advertising revenues at Business Weekly *jump by 46%*

The Group's flagship magazine in Taiwan, *Business Weekly*, posted exceptional results for the first half of the year, with advertising revenues leaped by 46%, year on year, average selling price per page increased by 14%, and advertisement pages surged by 26%. According to a survey by media research company AC Nielsen, *Business Weekly* remained the leadership position among its peer competitors in the first quarter. Despite facing fierce competition from e-books, the Group's overall book sales posted a steady growth of 5%.

Pioneering in offering simultaneous digital and paper publications

Cité became the industry pioneer in Taiwan with the simultaneous publication of digital and print version of its book title *Self-Proud 4: Be A Wise Man with A Kind Heart*, which was simultaneously made available in paper, digital copies for mobile phones, e-reading devices and personal computers. Cité publishes more than ten new books and magazines on a monthly basis, being made available in paper copies as well as digital format, which are sold on its online platform, Cité Reading Club (www.cite.com.tw/ebook.php) as well as other distribution channels. To-date, more than 220 e-books have been made available on the Online Reading Club. Cité will continue to expand the accessibility of its traditional and digital publications offering its readers with a wider choice.

Digitisation projects and websites enrich online reading experience

Cité's original content creation online platform POPO (www.popo.tw), being the first of its kind in Taiwan, is a platform whereby consumers can read and transact user-generated original content. This platform has been well received since its launch in December 2009, and has to date aggregated about 1,500 authors, offering about 2,000 titles. Its mobile reading service launched earlier this year was also met with overwhelming response. Users with iPhones and Android mobile users are able to download Cité's magazines for free. The average number of monthly downloads doubled from January to May, reflecting the increasing popularity of e-books.

In response to the consumer's increasing habit towards online and interactive reading, Sharp Point leveraged its strengths and resources in the production of publications on leisure and popular culture, launched more websites that provide know-how classes. In this connection, in addition to the Comic Star (www.comicstar.com.tw), a website which provides educational information to users interested in comic creation, in July this year, Sharp Point launched DC Player (www.dcplayer.com.tw), a website that targets at photography audience, offering photography related information. In addition, *COOL* magazine will in mid-August launch an online extension to its magazine, providing a discussion forum for up and coming designers in Taiwan and promoting sales of their new products. Cité has from time to time launched a series of new websites such as www.faces.com.tw (detective story collection), www.naturesys.com/bird (bird pictorials), www.pchomekids.com.tw (e-learning platform for children), www.wowlavie.com (architecture and home decor merchandise) and www.iwatchome.net (watch reviews). To-date, the Group has launched some 30 websites covering a diversified scope of topics such as education, home decor and travel.

As the Publishing Group's digital publishing strategy is in line with the Taiwan government's promotion of its cultural industry campaign, such projects obtained governmental support. The Industrial Development Bureau and Department of Commerce under the Ministry of Economic Affairs has granted subsidies totaling NT$35 million in support of the development of Comic Star, POPO, Tripass and Mombaby websites.

Cité's Gurubear child e-reading platform (www.gurubear.com.cn), which offers online and offline reading services for children and their parents, is well received in Mainland China. As at end of July, five Gurubear storybook houses which offer online and offline reading services have been set up in Beijing, Guiyang, Wuhan and Chongqing. It is expected that two more storybook houses will commence operation from August this year.

Publications successful in sales and reviews

The Publishing Group's good track record of selecting successful titles and quality control has been recognised amongst its industry peers. The novel *Whale Girl and Pond Boy* was one of the top three bestselling titles on chart of an online bookstore Kingstone within the first week of its launch and by the end of June, total sales of the book exceeded 30,000 copies. The book has been licensed for the making of a drama in Mainland China. *Twilight*, published by Sharp Point continued to be a bestseller and by end of June, total sales volume exceeded one million copies in Taiwan. Pursuant to an exclusive cooperation with Chunghwa Telecom Hami, a digital version of the novel was launched for worldwide distribution. One of Sharp Point's comic publications, *The Drop of God*, to date achieved record sales of 950,000 copies. Cité's titles《拉丁美洲真相之路》(translated title: *Latin America – A Journey to the Truth*) and *The Lying Carpet* were awarded "The 3rd Hong Kong Book Prize" by Radio Television Hong Kong, the Leisure and Cultural Services Department, Hong Kong Public Libraries and Hong Kong Publishing Federation. Furthermore, *Business Weekly* was also awarded an Honourable Mention of "Excellence in Reporting Breaking News" by the Society of Publishers in the Asia 2010 Awards for Editorial Excellence.

CUP, a magazine which targets sophisticated readers, has been published by the Group for over eight years in Hong Kong, has to date published 100 monthly editions. Digital versions of this magazine, and that of its sister magazine *AV Magazine*, an audio visual product magazine, expanded into the Taiwan market during the year via distribution on Taiwan's online bookstore Kingstone.

Outdoor Media – Growth through quality new media assets

The outdoor media division further optimized efficiency of operation and continued to develop technology-oriented products. Operating costs reduced by 28% in the review period. Occupancy rate of the media assets rose by 10%-point year on year, while average selling price per square metre increased by 5% as compared to the previous year. Segmental loss in the first six months of the year reduced considerably by 30% to HK$10 million, with revenues amounted to HK$140 million.

Strategic cooperation with Shanghai Media and Entertainment Group

To strengthen its media buying offerings, in May 2010, Outdoor Media Group ("OMG") entered into strategic alliance with the outdoor media arm of Shanghai Media and Entertainment Group under which it was appointed as one of its advertising agents for its major outdoor media assets in Shanghai. The media includes billboards, uni-poles and light boxes located on major highways, express stations and in the compartments of express trains. As a result, OMG now has an additional 25,000 square metres, that is, a 16% increase in its portfolio, available to its advertisers, and is expected to bring in additional revenue in the second half of the year. TOM will continue invest in quality new media assets to drive further growth of outdoor media business.

TV & Entertainment – Brand enhanced by premium contents and improved ratings

CETV, under the TV & Entertainment segment, had strived to become a premium entertainment brand. During the review period, the channel continued to enrich its high-end programme offerings, particularly by adding to it trendy programmes and talk shows. Through the diversified product offerings, it was able to expand its customers' network, increase interaction with local and international institutions and attract quality customers. At the same time, it was able to source and broadcast first-runs or exclusive premieres of popular dramas, attracting men and women audiences in the cities, thus successfully boosted its channel ratings during the period. For the first half of the year, as a result of the TV & Entertainment Team's strategy in investing in quality programmes, its segment revenues rose by 38% to HK$102 million. Programme portfolio of CETV saw growth by 31% as compared to the previous year, self-production increased by 67% and during the period saw syndication income increased by five-fold.

Programme range broadened, featuring talk shows, fashion, health and music

The new season of the popular talk show *CEO Interview* opened in May. In addition to having Greater China's up and coming leaders as guests sharing their wisdom and life experiences, it had new guests hosts, namely Wenny Wang, CEO of Business Weekly Media Group and Derek Yeung, co-founder and CEO of she.com, a trendy women's portal in Hong Kong. The variety and broadening the content of the talk show were enhanced.

The CETV team's creativity in customising programmes provided not only entertainment for audiences, but also helped build the brand for clients, leading to a win-win situation for both its audiences and clients. *Trendy Master* is an example of this kind of self-production featuring celebrities and artists who share their views on fashion, cosmetics and fine dining, injecting effective branding into an entertaining programme, appealing to audience with strong spending power and at the same time enhancing the image of CETV as a premier entertainment channel.

To broaden its audience demographic, CETV launched new health food and healthcare programmes hosted by celebrities and popular artists. An example of such is *LOHAS Workshop*. Hosted by Angel Tong, Chairman of Angel Face Group, the program utilises a simple and fun way to introduce healthy food, fitness, environmental friendly and new trends to audiences. In addition, in late August, a well-known Mainland Chinese artist Allen Lin will be hosting *Lin's Restaurant*, introducing new health and food concepts. Both of these programmes not only cater for the health conscience needs of audiences, but also attract a variety of quality clients in the industries of sauce manufacturing, kitchen appliances and dairy products etc, broadening the cooperation with brand owners.

Premiere dramas boost prime time ratings

CETV has successfully attracted cosmopolitan audiences and boosted channel ratings with the introduction of first-run and premieres of popular Asian dramas. As a result, CETV has extended its prime time period from two hours to three hours. During the review period, CETV has broadcasted Korean's number-one rating romances *Brilliant Legacy* and *STYLE* along with Taiwanese dramas *Autumn's Concerto* and *Down With Love*. All these dramas were well received. Leveraging on the strengths in first-run and premieres, CETV's prime time ratings in Guangzhou were up by 22% over last December and ratings in Shenzhen were doubled.

Outreaching audiences through multiple channels

In addition to traditional TV media, CETV also offered its audience with diversified and interactive services through its official site (www.cetv.com) and mobile client (m.cetv.com), both of which are well received. As at the end of June, the official site has attracted over one million registered users, whilst the mobile client has attracted 300,000 registered users, and the average monthly page views soared by 80% compared with last December. These two channels offered its audiences the ability at all times access to CETV's premium programmes and to participate in the events, providing them with an entertaining experience.

To celebrate its sixth anniversary, CETV held "The 6th Anniversary Ceremony and 2009 CETV Top 10 Asian Star Awards" event at which several celebrities, top artists, cooperative partners and major clients attended. In addition, audiences could utilise the CETV mobile client to vote for their idol celebrities or artists in order to obtain tickets to the event, thereby further raising interaction between TV and online audiences, increasing their stickiness and loyalty.

Liquidity and Financial Resources

As at 30 June 2010, TOM Group had bank and cash balances, including pledged deposits, of approximately HK$1,129 million. A total of HK$2,560 million financing facilities were available, of which HK$1,990 million had been utilized to finance the Group's acquisitions, capital expenditures and for working capital purposes.

Total borrowings of TOM Group amounted to approximately HK$1,947 million as at 30 June 2010. This included long-term bank loans of approximately HK$1,825 million and short-term bank loans of approximately HK$122 million. The gearing ratio (Debts/(Debts + Equity)) of TOM Group was 50% as at 30 June 2010 as compared to 49% as at 31 December 2009.

As at 30 June 2010, the Group had net current assets of approximately HK$636 million, as compared to HK$737 million as at 31 December 2009.

As at 30 June 2010, the current ratio of TOM Group was 1.44 compared to 1.51 as at 31 December 2009.

For the six months of 2010, the Group generated net cash from its operating activities before interest and taxation of HK$66 million, as compared to HK$85 million in the same period of 2009.

Charges on Group Assets

As at 30 June 2010, the Group had restricted cash amounting to HK$46 million, mainly bank deposits pledged to banks and publishing distributors by the subsidiaries of the Group, either for securing banking facilities or as retainer fee for potential sales return for those subsidiaries.

Foreign Exchange Exposure

In general, it is the Group's policy for each operating entity to borrow in local currencies, where necessary to minimize currency risk.

Contingent Liabilities

(a) In September 2008 and August 2009, a subsidiary of the Group in Taiwan received revised income tax assessments for the years ended 31 December 2004 and 2005, respectively, from the local tax authority. In these revised tax assessments, the tax authority claimed that an amortisation of intangible assets amounting to approximately NT$44 million (approximately HK$10 million) and NT$146 million (approximately HK$35 million) was not deductible from the assessable profits of the subsidiary in 2004 and 2005 respectively. This gave rise to a potential additional income tax liability to the Group of approximately NT$48 million (approximately HK$11 million).

The subsidiary has engaged and consulted with an external tax representative on this matter. Based on the consultation, management considers that the amortisation of intangible assets should be tax deductible under the tax rules in Taiwan. Accordingly, the subsidiary has filed appeals to the tax authority and requested for a re-examination of the deductibility of the amortisation charge from the assessable profit of the subsidiary in 2004 and 2005. In March 2010, the appeal for 2004 assessment was turned down by the tax authority and the subsidiary has escalated the appeal to the Court in Taiwan in May 2010. Up to the date of this condensed consolidated interim financial information, the appeals are still outstanding and no results have been finalised.

Should the tax appeal by the subsidiary be turned down finally, the subsidiary's income tax assessments for each of the years from 2006 to 2010 would also be revised on a similar basis as that of years 2004 and 2005. The total incremental tax liability to the Group thereon is approximately NT$218 million (approximately HK$53 million) (31 December 2009: NT$205 million, approximately HK$49 million). Nevertheless, based on the consultation with the tax representative, management considers that the amortisation charge should be tax deductible under the tax rules in Taiwan and so no provision for such potential tax liability has been made in the Group's condensed consolidated interim financial information for the period ended 30 June 2010.

(b) In April 2004, a subsidiary of the Group (the "Subsidiary") entered into a lease agreement ("Lease Agreement") with two business partners (the "JV Partners") for leasing of certain media assets from them. Later in October 2005, the Subsidiary also entered into a Cooperative Framework Agreement ("Cooperative Agreement") with the JV Partners to set up a joint venture together for operating the media assets under the Lease Agreement. The joint venture was then established in August 2006.

In August 2008, the JV Partners filed a claim against the Subsidiary before Pudong New Area People's Court of Shanghai Municipality for certain rental charges and related penalty under the Lease Agreement (the "Litigation Case"). At the same time, the Subsidiary also filed an arbitration case before China International Economic and Trade Arbitration Commission, Shanghai Commission (the "Arbitration Commission"), claiming that the JV Partners had violated certain clauses in the Cooperative Agreement, and demand the JV Partners to act in accordance with the Cooperative Agreement (the "Arbitration Case").

In November 2009, a judgment of the Litigation Case was issued in favor of the JV Partners and under which the Subsidiary was liable for a rental payment of RMB17 million (approximately HK$19 million) and a penalty interest of RMB11 million (approximately HK$13 million). Nevertheless, in January 2010, the Arbitration Commission issued a judgment on the Arbitration Case. In this judgment, the Arbitration Commission agreed that the JV Partners had violated certain clauses of the Framework Agreement. However, due to certain external factors, it is not possible to demand the JV Partners to act according to the Cooperative Agreement at the present date. Instead, the Arbitration Commission suggested that the Subsidiary should file another case to claim for damages from the JV Partners due to their violation of the Cooperative Agreement.

Based on the judgment of the Arbitration Case and corresponding legal advices, the Subsidiary has filed a second arbitration case before the Arbitration Commission in April 2010, claiming the JV Partners for all damages including the aforesaid rental and penalty interest. No result has been finalised for this second arbitration as of the date of the condensed consolidated interim financial information.

Employee Information

As at 30 June 2010, TOM Group had 3,138 full-time employees. During the first six months of the year, employee and stock option costs, including Directors' emoluments, totalled at HK$276 million. The Group's employment and remuneration policies remained the same as detailed in the Annual Report for the year ended 31 December 2009.

Disclaimer:
Non-GAAP measures

Certain non-GAAP (generally accepted accounting principles) measures, such as operating (loss)/profit including share of results of associated companies and jointly controlled entities and segment profit/(loss) excluding provision for impairment charges and one-off items that represent the excess of net assets value over cost of acquisition of additional interests in a subsidiary and provision for impairment of goodwill and other assets, are used for assessing the Group's performance. These non-GAAP measures are not expressly permitted measures under GAAP in Hong Kong and may not be comparable to similarly titled measures for other companies. Accordingly, such non-GAAP measures should not be considered as an alternative to operating income as an indicator of the operating performance of the Group or as an alternative to cash flows from operating activities as a measure of liquidity. The use of non-GAAP measures is provided solely to enhance the overall understanding of the Group's current financial performance. Additionally because the Group has historically reported certain non-GAAP results to investors, the Group considers the inclusion of non-GAAP measures provides consistency in our financial reporting.

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22nd Floor Prince's Building
Central, Hong Kong
Telephone (852) 2289 8888
Facsimile (852) 2810 9888

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF TOM GROUP LIMITED
(incorporated in Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 13 to 31, which comprises the condensed consolidated statement of financial position of TOM Group Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2010 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 3 August 2010

Condensed Consolidated Interim Income Statement

For the six months ended 30 June 2010

	Note	Unaudited Six months ended 30 June 2010 HK$'000	2009 HK$'000
Revenue	2	**1,243,826**	1,192,708
Cost of sales		**(926,773)**	(874,320)
Selling and marketing expenses	4	**(121,274)**	(114,469)
Administrative expenses	4	**(84,427)**	(84,496)
Other operating expenses	4	**(127,567)**	(132,472)
Other gains/(losses)	4	**20,312**	(4,216)
Excess of net assets value over cost of acquisition of additional interests in a subsidiary	19	**–**	90,879
Provision for impairment of goodwill and other assets	3	**(4,800)**	–
Share of losses of jointly controlled entities		**(12,965)**	(24,703)
Share of profits less losses of associated companies		**1,737**	(184)
		(11,931)	48,727
Finance income		**7,866**	15,193
Finance costs		**(29,911)**	(28,803)
Finance costs, net	5	**(22,045)**	(13,610)
(Loss)/profit before taxation		**(33,976)**	35,117
Taxation	6	**(25,570)**	(21,813)
(Loss)/profit for the period		**(59,546)**	13,304
Attributable to:			
– Non-controlling interests		**6,560**	1,639
– Equity holders of the Company		**(66,106)**	11,665
(Loss)/earnings per share for (loss)/profit attributable to the equity holders of the Company			
Basic and diluted	8	**HK(1.70)cents**	HK0.30 cents

Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 June 2010

	Unaudited	
	Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
(Loss)/profit for the period	**(59,546)**	13,304
Other comprehensive (expenses)/income		
Exchange translation differences	**(4,614)**	727
Employee share option schemes–		
Value of employee services	**120**	–
Revaluation deficit on available-for-sale financial assets, net of tax	**(1,462)**	(97)
Other comprehensive (expenses)/income for the period, net of tax	**(5,956)**	630
Total comprehensive (expenses)/income for the period	**(65,502)**	13,934
Total comprehensive income/(expenses) for the period attributable to:		
– Non-controlling interests	**8,469**	2,053
– Equity holders of the Company	**(73,971)**	11,881

Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2010

	Note	Unaudited 30 June 2010 *HK$'000*	Audited 31 December 2009 *HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Fixed assets	9	**143,098**	152,961
Goodwill	10	**2,640,645**	2,643,106
Other intangible assets	11	**102,370**	82,368
Interests in jointly controlled entities		**(140,035)**	(139,751)
Interests in associated companies		**223,456**	222,432
Available-for-sale financial assets		**38,905**	27,682
Advance to an investee company		**2,172**	2,169
Deferred tax assets		**31,432**	39,011
Other non-current assets		**26,474**	31,473
		3,068,517	3,061,451
Current assets			
Inventories		**108,824**	106,252
Trade and other receivables	12	**831,690**	842,316
Restricted cash	13	**46,286**	45,187
Cash and cash equivalents		**1,082,829**	1,186,178
		2,069,629	2,179,933
Current liabilities			
Trade and other payables	14	**1,146,121**	1,167,806
Taxation payable		**41,280**	35,925
Long-term bank loans – current portion	15	**123,728**	119,680
Short-term bank and other loans	15	**122,200**	119,800
		1,433,329	1,443,211
Net current assets		**636,300**	736,722
Total assets less current liabilities		**3,704,817**	3,798,173

Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2010

	Note	**Unaudited 30 June 2010** *HK$'000*	Audited 31 December 2009 *HK$'000*
Non-current liabilities			
Deferred tax liabilities		**14,598**	14,739
Non-current portion of long-term bank loans	15	**1,701,019**	1,721,410
Pension obligations		**27,085**	26,148
		1,742,702	1,762,297
Net assets		**1,962,115**	2,035,876
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	16	**389,328**	389,328
Reserves		**1,201,098**	1,275,069
Own shares held		**(6,244)**	(6,244)
Shareholders' funds		**1,584,182**	1,658,153
Non-controlling interests		**377,933**	377,723
Total equity		**1,962,115**	2,035,876

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2010

	Unaudited											
	Attributable to the equity holders of the Company											
	Share capital	Own shares held	Share premium	Capital reserve	Capital redemption reserve	General reserve	Available-for-sale financial assets reserve	Exchange reserve	Accumulated losses	Total shareholders' funds	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 January 2009	389,328	(6,244)	3,625,981	38,437	776	129,248	1,158	550,010	(3,036,300)	1,692,394	569,920	2,262,314
Profit for the period	–	–	–	–	–	–	–	–	11,665	11,665	1,639	13,304
Other comprehensive income:												
Revaluation surplus/(deficit) on available-for-sale financial assets, net of tax	–	–	–	–	–	–	46	–	–	46	(143)	(97)
Exchange translation differences	–	–	–	–	–	–	–	170	–	170	557	727
Total comprehensive income for the period ended 30 June 2009	–	–	–	–	–	–	46	170	11,665	11,881	2,053	13,934
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(866)	(866)
Acquisition of additional interests in a subsidiary *(note 19)*	–	–	–	–	–	–	–	–	–	–	(151,188)	(151,188)
Contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	941	941
Balance at 30 June 2009	389,328	(6,244)	3,625,981	38,437	776	129,248	1,204	550,180	(3,024,635)	1,704,275	420,860	2,125,135

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2010

	Unaudited											
	Attributable to the equity holders of the Company											
	Share capital HK$'000	Own shares held HK$'000	Share premium HK$'000	Capital reserve HK$'000	Capital redemption reserve HK$'000	General reserve HK$'000	Available-for-sale financial assets reserve HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total shareholders' funds HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2010	389,328	(6,244)	3,625,981	38,437	776	133,760	2,332	569,729	(3,095,946)	1,658,153	377,723	2,035,876
Loss for the period	–	–	–	–	–	–	–	–	(66,106)	(66,106)	6,560	(59,546)
Other comprehensive income:												
Employee share option schemes-Value of employee services	–	–	–	133	–	–	–	–	–	133	(13)	120
Revaluation deficit on available-for-sale financial assets, net of tax	–	–	–	–	–	–	(1,462)	–	–	(1,462)	–	(1,462)
Exchange translation differences	–	–	–	–	–	–	–	(6,536)	–	(6,536)	1,922	(4,614)
Total comprehensive income for the period ended 30 June 2010	–	–	–	133	–	–	(1,462)	(6,536)	(66,106)	(73,971)	8,469	(65,502)
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(1,368)	(1,368)
Deconsolidation of a subsidiary	–	–	–	–	–	–	–	–	–	–	(7,359)	(7,359)
Contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	468	468
Balance at 30 June 2010	389,328	(6,244)	3,625,981	38,570	776	133,760	870	563,193	(3,162,052)	1,584,182	377,933	1,962,115

Condensed Consolidated Interim Cash Flow Statement

For the six months ended 30 June 2010

	Unaudited Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
Net cash inflow from operations	**65,752**	85,435
Interest paid	**(10,328)**	(21,408)
Overseas taxation paid	**(13,315)**	(17,723)
Net cash from operating activities	**42,109**	46,304
Net cash (used in)/from investing activities	**(118,058)**	229,831
Net cash used in financing activities	**(30,671)**	(264,187)
Net (decrease)/increase in cash and cash equivalents	**(106,620)**	11,948
Cash and cash equivalents at the beginning of the period	**1,186,178**	1,328,813
Exchange adjustment	**3,271**	(397)
Cash and cash equivalents at the end of the period	**1,082,829**	1,340,364

1 Basis of Preparation and Accounting Policies

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2010 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2009, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2009, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new standards, amendments to standards and interpretations are mandatory to the Group for the financial year beginning 1 January 2010:

HKFRSs (Amendments)	Improvements to HKFRSs (2008 and 2009)
HKAS 10	Events after the Reporting Period
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Revised)	First-Time Adoption of Hong Kong Financial Reporting Standards
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC)-Int 17	Distribution of Non-cash Assets to Owners
HK(IFRIC)-Int 18	Transfers of Assets from Customers

The application of the above standards, amendments and interpretations had resulted in certain changes on the disclosures on the Group's accounts while the results and financial position were not affected.

The following new standards, amendments to standards and new interpretations have been issued but are not effective for the financial year beginning 1 January 2010 and have not been early adopted by the Group:

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendment)	Financial Instruments: Presentation on Classification of Right Issues
HKFRS 9	Financial Instruments
HK(IFRIC)-Int 14 (Amendments)	HKAS 39 – Prepayments of a Minimum Funding Requirement and their Interaction
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments

The Group has already commenced an assessment of the impact of these new standards, amendments to standards and interpretations, but is not yet in a position to state whether these new standards, amendments to standards and interpretations would have a significant impact to its results of operations and financial position.

2 Segment Information

The Group has four reportable segments:

- Internet Group – provision of wireless internet services, online advertising, commercial enterprise solutions and internet access.
- Publishing Group – magazine and book circulation, sales of publication advertising and other related products.
- Outdoor Media Group – advertising sales of outdoor media assets and provision of outdoor media services.
- Television and Entertainment Group – advertising sales in relation to satellite television channel operations, provision of broadcasting post production and event production and marketing services.

Sales between segments are carried out at arm's length.

2 Segment Information (Continued)

The segment results for the six months ended 30 June 2010 are as follows:

	Unaudited Six months ended 30 June 2010				
	Internet Group *HK$'000*	Publishing Group *HK$'000*	Outdoor Media Group *HK$'000*	Television and Entertainment Group *HK$'000*	Total *HK$'000*
Total gross segment revenue	563,128	439,371	139,846	102,027	1,244,372
Inter-segment revenue	–	–	–	(546)	(546)
Net revenue from external customers	563,128	439,371	139,846	101,481	1,243,826
Segment profit/(loss) before amortisation and depreciation	27,797	85,265	11,352	(5,502)	118,912
Amortisation and depreciation	(8,762)	(33,635)	(21,522)	(17,248)	(81,167)
Segment profit/(loss)	19,035	51,630	(10,170)	(22,750)	37,745
Other material non-cash items:					
Provision for impairment of goodwill and other assets	–	–	(4,800)	–	(4,800)
Share of losses of jointly controlled entities	(12,965)	–	–	–	(12,965)
Share of profits less losses of associated companies	311	1,426	–	–	1,737
	(12,654)	1,426	(4,800)	–	(16,028)
Finance income/(costs), net:					
Finance income *(note a)*	6,404	12,618	1,545	28	20,595
Finance expenses *(note a)*	–	(9,286)	(279)	(8,780)	(18,345)
	6,404	3,332	1,266	(8,752)	2,250
Segment profit/(loss) before taxation	12,785	56,388	(13,704)	(31,502)	23,967
Unallocated corporate expenses					(57,943)
Loss before taxation					(33,976)
Expenditure for operating segment non-current assets	12,686	42,955	20,141	18,381	94,163
Unallocated expenditure for non-current assets					25
Total expenditure for non-current assets					94,188

Note:

(a) Inter-segment interest income and inter-segment interest expenses amounted to HK$12,845,000 and HK$9,478,000 were included in the finance income and finance expenses respectively.

2 Segment Information (Continued)

The segment results for the six months ended 30 June 2009 are as follows:

	Unaudited Six months ended 30 June 2009				
	Internet Group *HK$'000*	Publishing Group *HK$'000*	Outdoor Media Group *HK$'000*	Television and Entertainment Group *HK$'000*	Total *HK$'000*
Total gross segment revenue	523,543	404,043	191,809	74,182	1,193,577
Inter-segment revenue	–	–	–	(869)	(869)
Net revenue from external customers	523,543	404,043	191,809	73,313	1,192,708
Segment profit/(loss) before amortisation and depreciation	42,461	63,852	4,877	(12,763)	98,427
Amortisation and depreciation	(17,888)	(31,517)	(19,499)	(10,297)	(79,201)
Segment profit/(loss)	24,573	32,335	(14,622)	(23,060)	19,226
Other material non-cash items:					
Excess of net assets value over cost of acquisition of additional interests in a subsidiary	–	–	90,879	–	90,879
Share of losses of jointly controlled entities	(24,703)	–	–	–	(24,703)
Share of profits less losses of associated companies	(18)	(166)	–	–	(184)
	(24,721)	(166)	90,879	–	65,992
Finance income/(costs), net:					
Finance income *(note a)*	13,315	12,316	2,221	52	27,904
Finance expenses *(note a)*	(1,972)	(10,520)	(516)	(8,495)	(21,503)
	11,343	1,796	1,705	(8,443)	6,401
Segment profit/(loss) before taxation	11,195	33,965	77,962	(31,503)	91,619
Unallocated corporate expenses					(56,502)
Profit before taxation					35,117
Expenditure for operating segment non-current assets	3,040	32,138	10,548	13,477	59,203
Unallocated expenditure for non-current assets					90
Total expenditure for non-current assets					59,293

Note:

(a) Inter-segment interest income and inter-segment interest expenses amounted to HK$12,776,000 and HK$9,345,000 were included in the finance income and finance expenses respectively.

2 Segment Information (Continued)

The segment assets and liabilities at 30 June 2010 are as follows:

	Unaudited As at 30 June 2010				
	Internet Group *HK$'000*	**Publishing Group** *HK$'000*	**Outdoor Media Group** *HK$'000*	**Television and Entertainment Group** *HK$'000*	**Total** *HK$'000*
Segment assets	**2,929,589**	**1,102,656**	**791,751**	**174,820**	**4,998,816**
Interests in jointly controlled entities	**(140,035)**	**–**	**–**	**–**	**(140,035)**
Interests in associated companies	**3,038**	**220,418**	**–**	**–**	**223,456**
Unallocated assets					**55,909**
Total assets					**5,138,146**
Segment liabilities	**539,358**	**287,071**	**167,960**	**62,780**	**1,057,169**
Unallocated liabilities:					
Corporate liabilities					**116,037**
Deferred taxation					**14,598**
Current taxation					**41,280**
Borrowings					**1,946,947**
Total liabilities					**3,176,031**

The segment assets and liabilities at 31 December 2009 are as follows:

	Audited As at 31 December 2009				
	Internet Group *HK$'000*	Publishing Group *HK$'000*	Outdoor Media Group *HK$'000*	Television and Entertainment Group *HK$'000*	Total *HK$'000*
Segment assets	2,866,331	1,149,257	856,106	159,181	5,030,875
Interests in jointly controlled entities	(139,751)	–	–	–	(139,751)
Interests in associated companies	2,727	219,705	–	–	222,432
Unallocated assets					127,828
Total assets					5,241,384
Segment liabilities	503,845	342,954	195,252	49,757	1,091,808
Unallocated liabilities:					
Corporate liabilities					102,146
Deferred taxation					14,739
Current taxation					35,925
Borrowings					1,960,890
Total liabilities					3,205,508

The unallocated assets represent the corporate assets. The unallocated liabilities represent the corporate liabilities in addition to operating segment taxation payable, deferred tax liabilities and borrowings which are managed on a central basis.

3. Provision for Impairment of Goodwill and Other Assets

The amount in 2010 represented the provision for impairment of goodwill of HK$2,614,000 and an available-for-sale financial asset of HK$2,186,000 relating to the Outdoor Media Group. These provisions were made with reference to the reduced estimated value of certain operations and assets held by the Outdoor Media Group.

4 Operating (Loss)/Profit

Operating (loss)/profit is stated after charging/crediting the following:

	Unaudited Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
Charging:		
Depreciation of fixed assets *(Note 9)*	**29,475**	39,481
Amortisation of other intangible assets *(Note 11)*	**52,003**	40,235
Amortisation of other intangible assets included in interests in associated companies	**1,356**	2,448
Loss on disposal of fixed assets	**320**	2,815
Loss on disposal of intangible assets	**–**	1,001
Crediting:		
Exchange gain, net	**20,329**	3,020
Dividend income from an available-for-sale financial asset	**303**	360

5 Finance Costs, Net

All finance costs, net are shown as follows:

	Unaudited Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
Interest and borrowing costs on bank loans	**28,977**	27,863
Interest on other loans, wholly repayable within five years	**934**	940
	29,911	28,803
Less: Interest income	**(7,866)**	(15,193)
	22,045	13,610

6 Taxation

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits for the period. Taxation outside Hong Kong has been provided for at the applicable rates on the estimated assessable profits less available tax losses.

The amount of taxation charged in the condensed consolidated interim income statement represents:

	Unaudited Six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
Overseas taxation	**17,585**	18,398
Under-provision in prior years	**–**	104
Deferred taxation	**7,985**	3,311
	25,570	21,813

7 Dividend

No dividend has been paid or declared by the Company for the six months ended 30 June 2010 (2009: Nil).

8 (Loss)/Profit Per Share

(a) Basic

The calculation of the basic (loss)/profit per share is based on consolidated loss attributable to equity holders of the Company of HK$66,106,000 (2009: profit of HK$11,665,000) and the weighted average of 3,893,270,558 (2009: 3,893,270,558) ordinary shares in issue during the period.

(b) Diluted

Diluted (loss)/profit per share is equal to the basic (loss)/profit per share for the periods ended 30 June 2010 and 2009 as the exercise price of the outstanding share options granted by the Company were higher than the average market price of the share of the Company which would have an anti-dilutive effect on (loss)/profit per share.

9 Fixed Assets

During the period, major fixed assets acquired by the Group was computer equipment amounting to HK$10,881,000 (31 December 2009: HK$16,065,000).

	HK$'000
At 1 January 2009	202,152
Additions	13,931
Disposals	(4,828)
Depreciation charge	(39,481)
Exchange adjustments	(107)
At 30 June 2009 (unaudited)	171,667
Additions	18,902
Disposals	(5,380)
Disposal of subsidiaries	(453)
Depreciation charge	(33,269)
Exchange adjustments	1,494
At 31 December 2009	152,961
Additions	22,399
Disposals	(1,402)
Deconsolidation of a subsidiary	(1,888)
Depreciation charge	(29,475)
Exchange adjustments	503
At 30 June 2010 (unaudited)	**143,098**

10 Goodwill

	HK$'000
At 1 January 2009	2,634,940
Consideration adjustment on prior year acquisition	(1,130)
Exchange adjustments	(26)
At 30 June 2009 (unaudited)	2,633,784
Provision for goodwill impairment	(6,700)
Consideration adjustment on prior year acquisition	(10)
Exchange adjustments	16,032
At 31 December 2009	2,643,106
Provision for goodwill impairment *(Note 3)*	(2,614)
Exchange adjustments	153
At 30 June 2010 (unaudited)	**2,640,645**

11 Other Intangible Assets

	Concession rights HK$'000	Publishing rights HK$'000	Programme and purchased film rights HK$'000	Software HK$'000	Customer base and technical know-how HK$'000	Total HK$'000
At 1 January 2009	34,116	31,430	984	25	342	66,897
Additions	5,083	27,092	13,187	–	–	45,362
Amortisation charge	(7,437)	(24,971)	(7,821)	(6)	–	(40,235)
Disposals	–	(1,001)	–	–	–	(1,001)
Exchange adjustments	34	(541)	–	–	–	(507)
At 30 June 2009 (unaudited)	31,796	32,009	6,350	19	342	70,516
Additions	17,051	32,180	9,642	–	4,530	63,403
Amortisation charge	(7,494)	(31,346)	(9,568)	–	–	(48,408)
Disposals	(4,371)	1,001	–	–	–	(3,370)
Disposal of subsidiaries	–	–	–	(20)	–	(20)
Exchange adjustments	359	(117)	–	1	4	247
At 31 December 2009	37,341	33,727	6,424	–	4,876	82,368
Additions	13,680	34,112	16,289	–	7,708	71,789
Deconsolidation of a subsidiary	(400)	–	–	–	–	(400)
Amortisation charge	(7,627)	(27,442)	(16,517)	–	(417)	(52,003)
Exchange adjustments	–	616	–	–	–	616
At 30 June 2010 (unaudited)	**42,994**	**41,013**	**6,196**	**–**	**12,167**	**102,370**

12 Trade and Other Receivables

	Unaudited 30 June 2010 HK$'000	Audited 31 December 2009 HK$'000
Trade receivables, net of provision	545,225	553,456
Prepayments, deposits and other receivables	286,465	288,860
	831,690	842,316

The Group has established credit policies for customers in each of its businesses. The average credit period granted for trade receivables ranges from 30 to 90 days. The Group's turnover is determined in accordance with terms specified in the contracts governing the relevant transactions. The carrying values of trade and other receivables approximate their fair values.

The ageing analysis of the Group's trade receivables is as follows:

	Unaudited 30 June 2010 HK$'000	Audited 31 December 2009 HK$'000
Current	169,815	133,825
31-60 days	125,710	140,616
61-90 days	79,901	102,220
Over 90 days	269,109	280,745
	644,535	657,406
Less: Provision for impairment	(99,310)	(103,950)
	545,225	553,456
Represented by:		
Receivables from related companies	6,162	1,284
Receivables from third parties	539,063	552,172
	545,225	553,456

13 Restricted Cash

As at 30 June 2010, restricted cash represented bank deposits and cash of the Group totalling US$5,521,000 (approximately HK$43,066,000) (31 December 2009: US$5,501,000 or approximately HK$42,911,000) which were pledged to banks for securing banking facilities granted to certain subsidiaries of the Group and NT$13,174,000 (approximately HK$3,220,000) (31 December 2009: NT$9,500,000 or approximately HK$2,276,000) which were pledged mainly in favour of certain publishing distributors in Taiwan as retainer fee for potential sales return.

14 Trade and Other Payables

	Unaudited 30 June 2010 HK$'000	Audited 31 December 2009 HK$'000
Trade payables	**362,121**	339,858
Other payables and accruals	**784,000**	827,948
	1,146,121	1,167,806

The ageing analysis of the Group's trade payables is as follows:

	Unaudited 30 June 2010 HK$'000	Audited 31 December 2009 HK$'000
Current	**89,625**	84,235
31-60 days	**61,104**	53,733
61-90 days	**28,714**	26,829
Over 90 days	**182,678**	175,061
	362,121	339,858
Represented by:		
Payable to related companies	**25,190**	22,934
Payable to third parties	**336,931**	316,924
	362,121	339,858

The carrying values of trade and other payables approximate their fair values.

15 Movements in Borrowings

	Short-term bank and other loans HK$'000	Long-term bank loans HK$'000	Total HK$'000
As at 1 January 2009	1,509,381	845,007	2,354,388
Borrowings	263,560	–	263,560
Repayments	(194,243)	(332,646)	(526,889)
Exchange adjustments	(378)	(1,672)	(2,050)
As at 30 June 2009 (unaudited)	1,578,320	510,689	2,089,009
As at 1 January 2010	119,800	1,841,090	1,960,890
Borrowings	36,630	36,660	73,290
Repayments	(36,630)	(61,039)	(97,669)
Exchange adjustments	2,400	8,036	10,436
As at 30 June 2010 (unaudited)	122,200	1,824,747	1,946,947

16 Share Capital

	No. of ordinary shares of HK$0.1 each	*HK$'000*
Authorised:		
As at 1 January and 30 June 2009 and 1 January and 30 June 2010	5,000,000,000	500,000
Issued and fully paid:		
As at 1 January and 30 June 2009 and 1 January and 30 June 2010	3,893,270,558	389,328

17 Pledge of Assets

Save as disclosed in Note 13, the Group has no pledge of assets as at 30 June 2010 (31 December 2009: Nil).

18 Contingent Liabilities

(a) In September 2008 and August 2009, a subsidiary of the Group in Taiwan received revised income tax assessments for the years ended 31 December 2004 and 2005, respectively, from the local tax authority. In these revised tax assessments, the tax authority claimed that an amortisation of intangible assets amounting to approximately NT$44 million (approximately HK$10 million) and NT$146 million (approximately HK$35 million) was not deductible from the assessable profits of the subsidiary in 2004 and 2005 respectively. This gave rise to a potential additional income tax liability to the Group of approximately NT$48 million (approximately HK$11 million).

The subsidiary has engaged and consulted with an external tax representative on this matter. Based on the consultation, management considers that the amortisation of intangible assets should be tax deductible under the tax rules in Taiwan. Accordingly, the subsidiary has filed appeals to the tax authority and requested for a re-examination of the deductibility of the amortisation charge from the assessable profit of the subsidiary in 2004 and 2005. In March 2010, the appeal for 2004 assessment was turned down by the tax authority and the subsidiary has escalated the appeal to the Court in Taiwan in May 2010. Up to the date of this condensed consolidated interim financial information, the appeals are still outstanding and no results have been finalised.

Should the tax appeal by the subsidiary be turned down finally, the subsidiary's income tax assessments for each of the years from 2006 to 2010 would also be revised on a similar basis as that of years 2004 and 2005. The total incremental tax liability to the Group thereon is approximately NT$218 million (approximately HK$53 million) (31 December 2009: NT$205 million, approximately HK$49 million). Nevertheless, based on the consultation with the tax representative, management considers that the amortisation charge should be tax deductible under the tax rules in Taiwan and so no provision for such potential tax liability has been made in the Group's condensed consolidated interim financial information for the period ended 30 June 2010.

(b) In April 2004, a subsidiary of the Group (the "Subsidiary") entered into a lease agreement ("Lease Agreement") with two business partners (the "JV Partners") for leasing of certain media assets from them. Later in October 2005, the Subsidiary also entered into a Cooperative Framework Agreement ("Cooperative Agreement") with the JV Partners to set up a joint venture together for operating the media assets under the Lease Agreement. The joint venture was then established in August 2006.

In August 2008, the JV Partners filed a claim against the Subsidiary before Pudong New Area People's Court of Shanghai Municipality for certain rental charges and related penalty under the Lease Agreement (the "Litigation Case"). At the same time, the Subsidiary also filed an arbitration case before China International Economic and Trade Arbitration Commission, Shanghai Commission (the "Arbitration Commission"), claiming that the JV Partners had violated certain clauses in the Cooperative Agreement, and demand the JV Partners to act in accordance with the Cooperative Agreement (the "Arbitration Case").

In November 2009, a judgment of the Litigation Case was issued in favor of the JV Partners and under which the Subsidiary was liable for a rental payment of RMB17 million (approximately HK$19 million) and a penalty interest of RMB11 million (approximately HK$13 million). Nevertheless, in January 2010, the Arbitration Commission issued a judgment on the Arbitration Case. In this judgment, the Arbitration Commission agreed that the JV Partners had violated certain clauses of the Framework Agreement. However, due to certain external factors, it is not possible to demand the JV Partners to act according to the Cooperative Agreement at the present date. Instead, the Arbitration Commission suggested that the Subsidiary should file another case to claim for damages from the JV Partners due to their violation of the Cooperative Agreement.

18 Contingent Liabilities (Continued)

Based on the judgment of the Arbitration Case and corresponding legal advices, the Subsidiary has filed a second arbitration case before the Arbitration Commission in April 2010, claiming the JV Partners for all damages including the aforesaid rental and penalty interest. No result has been finalised for this second arbitration as of the date of the condensed consolidated interim financial information.

Apart from the above, the Group has no other material contingent liabilities up to the date of the condensed consolidated interim financial information.

19 Transaction With Non-Controlling Interests

Acquisition of additional interests in TOM Outdoor Media Group Limited ("TOM OMG") in 2009

On 27 May 2009, the Group, through a wholly owned subsidiary, TOM Outdoor Media Holdings Limited, acquired an additional 35% equity interests in TOM OMG for a consideration of HK$60,000,000 from the non-controlling interests. The acquisition from the non-controlling interests could enable the Group to have full control over the outdoor business and facilitate the synergy of OMG with TOM's other businesses. As a result of the acquisition, the Group's interests in TOM OMG increased from 65% to 100%.

The allocation of the cost of consideration is as follows:

	HK$'000
Non-controlling interests acquired	151,188
Excess of net assets value acquired over consideration paid	(90,879)
	60,309
Satisfied by:	
Cash	60,000
Payables and direct costs incurred	309
	60,309

The excess of net assets value acquired over consideration paid amounting to HK$90,879,000 was recognised in the condensed consolidated interim income statement and was attributable to Outdoor Media Group segment.

20 Commitments

(a) *Capital commitments*

Save as disclosed in note (b) below, the Group's maximum capital commitments as at 30 June 2010 are as follows:

	Unaudited 30 June 2010 ***HK$'000***	Audited 31 December 2009 *HK$'000*
Acquisition of/loans to new investments		
– Contracted but not provided for	**215,305**	215,305
Acquisition of fixed assets and other intangible assets		
– Authorised but not contracted for	**129,049**	155,910
	344,354	371,215

(b) *Joint venture ("Joint Venture") with Ebay International AG ("eBay")*

During the period ended 30 June 2010, additional shareholder's loan of US$1,547,000 (approximately HK$12,067,000) from TOM Online has been advanced to the Joint Venture. Therefore, the outstanding commitment of the Group in respect of the Joint Venture totalled US$12,953,000 (approximately HK$101,033,000) as at 30 June 2010 (31 December 2009: US$14,500,000 or approximately HK$113,100,000). For details, please refer to the Group's 2009 annual report.

21 Related Party Transactions

A summary of significant related party transactions, in addition to those disclosed in notes 12 and 14 to the condensed consolidated interim financial information, is set out below:

(a) Sales of goods and services

	Unaudited For the six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
Sales to		
– Hutchison Whampoa Limited ("HWL") and its subsidiaries	**21,939**	19,973
– non-controlling interests of subsidiaries and their subsidiaries	**5,889**	4,440

(b) Purchase of goods and services

	Unaudited For the six months ended 30 June	
	2010	2009
	HK$'000	*HK$'000*
Purchase of services payable to		
– non-controlling interests of subsidiaries and their subsidiaries	**10,653**	8,441
Rental payable to		
– an associated company of Cheung Kong (Holdings) Limited ("CKH")	**4,420**	3,794
– a subsidiary of CKH	**4,295**	4,259
– non-controlling interests of subsidiaries and their subsidiaries	**564**	849
Service fees payable to		
– HWL and its subsidiaries	**2,282**	1,593
Interest expenses payable to		
– non-controlling interests of subsidiaries and their subsidiaries	**941**	941

(c) Key management compensation

During the period ended 30 June 2010, no transactions have been entered into with the directors of the Company (being the key management personnel) other than the emoluments paid to them (being key management personnel compensation) (2009: Nil).

22 Approval of Interim Financial Information

The condensed consolidated interim financial information has been approved by the Board of Directors on 3 August 2010.

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2010, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

(a) *Long positions in the shares of the Company*

		Number of shares of the Company					
Name of Directors	Capacity	Personal Interests	Family Interests	Corporate Interests	Other Interests	Total	Approximate percentage of shareholding
Yeung Kwok Mung	Interest of spouse	–	30,000	–	–	30,000	Below 0.01%
Angela Mak	Beneficial owner	44,000	–	–	–	44,000	Below 0.01%

(b) *Rights to acquire shares of the Company*

Pursuant to the Pre-IPO Share Option Plan and/or the Old Option Scheme, certain Directors were granted share options to subscribe for the shares of the Company, details of which as at 30 June 2010 were as follows:

		Number of share options						
Name of Directors	Date of grant	Outstanding as at 1 January 2010	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding as at 30 June 2010	Option period	Subscription price per share of the Company *HK$*
Angela Mak	11/2/2000	3,026,000	–	(3,026,000)	–	–	11/2/2000 – 10/2/2010	1.78
	9/10/2003	6,000,000	–	–	–	6,000,000 *(Note 1)*	9/10/2003 – 8/10/2013	2.505
James Sha	15/11/2000	15,000,000	–	–	–	15,000,000 *(Note 2)*	15/11/2000 – 14/11/2010	5.30
	Total:	**24,026,000**	**–**	**(3,026,000)**	**–**	**21,000,000**		

Notes:

1. The options have vested in four tranches. The first tranche of 2,700,000 options, the second, third and fourth tranches of 1,100,000 options each have vested on 10 October 2003, 1 January 2004, 1 January 2005 and 1 January 2006 respectively.

2. The options have vested in three tranches in the proportion of 20%:30%:50% on 15 November 2001, 15 November 2002 and 15 November 2003 respectively.

Save as disclosed above, during the six months ended 30 June 2010, none of the Directors or chief executive of the Company was granted options to subscribe for shares of the Company, nor had exercised such rights.

Save as disclosed above, as at 30 June 2010, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Outstanding Share Options

(a) Pre-IPO Share Option Plan

As at 30 June 2010, there was no outstanding share option granted under the Pre-IPO Share Option Plan. Details of the share option movement during the six months ended 30 June 2010 were as follows:

		Number of share options						
	Date of grant	Outstanding as at 1 January 2010	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding as at 30 June 2010	Option period	Subscription price per share of the Company *HK$*
Directors	11/2/2000	3,026,000	–	(3,026,000)	–	–	11/2/2000 – 10/2/2010	1.78
Employee (including ex-employees)	11/2/2000	4,090,000	–	(4,090,000)	–	–	11/2/2000 – 10/2/2010	1.78
	Total:	**7,116,000**	**–**	**(7,116,000)**	**–**	**–**		

(b) Old Option Scheme

As at 30 June 2010, options to subscribe for an aggregate of 25,346,000 shares of the Company which were granted to certain Directors, continuous contract employees and ex-employees of the Group were outstanding. Details of the share option movement during the six months ended 30 June 2010 were as follows:

		Number of share options							
	Date of grant	Outstanding as at 1 January 2010	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding as at 30 June 2010	Option period	Subscription price per share of the Company *HK$*
Directors *(Note 1)*	15/11/2000	15,000,000	–	–	–	–	15,000,000	15/11/2000 – 14/11/2010	5.30
	9/10/2003	6,000,000	–	–	–	–	6,000,000	9/10/2003 – 8/10/2013	2.505
Employees (including ex-employees)	23/3/2000	1,134,000	–	–	(1,092,000)	(42,000)	–	23/3/2000 – 22/3/2010	11.30
	26/6/2000	304,000	–	–	(220,000)	(84,000)	–	26/6/2000 – 25/6/2010	5.89
	8/8/2000	3,632,000	–	–	–	(398,000)	3,234,000 *(Note 2)*	8/8/2000 – 7/8/2010	5.30
	9/10/2003	1,358,000	–	–	–	(246,000)	1,112,000 *(Note 3)*	9/10/2003 – 8/10/2013	2.505
	Total:	**27,428,000**	**–**	**–**	**(1,312,000)**	**(770,000)**	**25,346,000**		

Notes:

1. Details of the options granted to the Directors are set out in the section headed "Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures" above.

2. The options have vested on (i) 8 August 2001 or (ii) 8 August 2001 and 8 August 2002.

3. (i) For certain grantees, all the options have vested on 10 October 2003.

   (ii) For certain grantees, the options have vested in two tranches. The first tranche of the options has vested on 10 October 2003 and the second tranche of the options has vested on the anniversary of their respective joining dates with the Group in 2004.

   (iii) For certain grantees, the options have vested in three to four tranches. The first tranche of the options has vested on 10 October 2003 and the remaining tranches of the options have vested on the anniversaries of their respective joining dates with the Group in 2004 and 2005 or 2004, 2005 and 2006 (as the case may be).

   (iv) For certain grantees, the options have vested in three tranches in the proportion of 1/3:1/3:1/3. The first tranche of the options has vested on the anniversaries of their respective joining dates with the Group in 2004, the second and third tranches of the options have vested on the anniversaries of their respective joining dates with the Group in 2005 and 2006.

(c) New Option Scheme

No option has been granted pursuant to the New Option Scheme since its adoption.

Interests and Short Positions of Shareholders

As at 30 June 2010, the persons or corporations (not being a Director or chief executive of the Company) who have interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO or have otherwise notified to the Company were as follows:

Name	Capacity	No. of shares of the Company held	Approximate percentage of shareholding
Li Ka-shing	Founder of discretionary trusts & interest of controlled corporations	1,429,024,545 (L) *(Notes 1 & 2)*	36.70%
Li Ka-Shing Unity Trustee Corporation Limited *(as trustee of The Li Ka-Shing Unity Discretionary Trust)*	Trustee & beneficiary of a trust	1,429,024,545 (L) *(Notes 1 & 2)*	36.70%
Li Ka-Shing Unity Trustcorp Limited *(as trustee of another discretionary trust)*	Trustee & beneficiary of a trust	1,429,024,545 (L) *(Notes 1 & 2)*	36.70%
Li Ka-Shing Unity Trustee Company Limited *(as trustee of The Li Ka-Shing Unity Trust)*	Trustee	1,429,024,545 (L) *(Notes 1 & 2)*	36.70%

Name	Capacity	No. of shares of the Company held	Approximate percentage of shareholding
CKH	Interest of controlled corporations	1,429,024,545 (L) *(Notes 1 & 2)*	36.70%
Cheung Kong Investment Company Limited	Interest of controlled corporations	476,341,182 (L) *(Note 1)*	12.23%
Cheung Kong Holdings (China) Limited	Interest of controlled corporations	476,341,182 (L) *(Note 1)*	12.23%
Sunnylink Enterprises Limited	Interest of a controlled corporation	476,341,182 (L) *(Note 1)*	12.23%
Romefield Limited	Beneficial owner	476,341,182 (L) *(Note 1)*	12.23%
HWL	Interest of controlled corporations	952,683,363 (L) *(Note 2)*	24.47%
Hutchison International Limited	Interest of a controlled corporation	952,683,363 (L) *(Note 2)*	24.47%
Easterhouse Limited	Beneficial owner	952,683,363 (L) *(Note 2)*	24.47%
Chau Hoi Shuen	Interest of controlled corporations	991,004,363 (L) *(Notes 3 & 4)*	25.45%
Cranwood Company Limited	Beneficial owner & interest of controlled corporations	991,004,363 (L) *(Notes 3 & 4)*	25.45%
Schumann International Limited	Beneficial owner	580,000,000 (L) *(Notes 3 & 4)*	14.90%
Handel International Limited	Beneficial owner	348,000,000 (L) *(Notes 3 & 4)*	8.94%

(L) denotes a long position

Notes:

(1) Romefield Limited is a wholly-owned subsidiary of Sunnylink Enterprises Limited, which in turn is a wholly-owned subsidiary of Cheung Kong Holdings (China) Limited. Cheung Kong Holdings (China) Limited is a wholly-owned subsidiary of Cheung Kong Investment Company Limited, which in turn is a wholly-owned subsidiary of CKH.

By virtue of the SFO, Cheung Kong Investment Company Limited, Cheung Kong Holdings (China) Limited and Sunnylink Enterprises Limited are all deemed to be interested in the 476,341,182 shares of the Company held by Romefield Limited.

Li Ka-Shing Unity Holdings Limited, of which each of Mr. Li Ka-shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard is interested in one-third of the entire issued share capital, owns the entire issued share capital of Li Ka-Shing Unity Trustee Company Limited. Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust, together with certain companies which Li Ka-Shing Unity Trustee Company Limited as trustee of The Li Ka-Shing Unity Trust is entitled to exercise or control the exercise of more than one-third of the voting power at their general meetings, hold more than one-third of the issued share capital of CKH.

In addition, Li Ka-Shing Unity Holdings Limited also owns the entire issued share capital of Li Ka-Shing Unity Trustee Corporation Limited ("TDT1") as trustee of The Li Ka-Shing Unity Discretionary Trust ("DT1") and Li Ka-Shing Unity Trustcorp Limited ("TDT2") as trustee of another discretionary trust ("DT2"). Each of TDT1 and TDT2 hold units in The Li Ka-Shing Unity Trust.

(2) Easterhouse Limited is a wholly-owned subsidiary of Hutchison International Limited, which in turn is a wholly-owned subsidiary of HWL. By virtue of the SFO, HWL and Hutchison International Limited are deemed to be interested in the 952,683,363 shares of the Company held by Easterhouse Limited.

In addition, subsidiaries of CKH are entitled to exercise or control the exercise of more than one-third of the voting power at the general meetings of HWL. By virtue of the SFO, Mr. Li Ka-shing, being the settlor and may being regarded as a founder of each of DT1 and DT2 for the purpose of the SFO, Li Ka-Shing Unity Trustee Corporation Limited, Li Ka-Shing Unity Trustcorp Limited, Li Ka-Shing Unity Trustee Company Limited and CKH are all deemed to be interested in the 476,341,182 shares of the Company and 952,683,363 shares of the Company held by Romefield Limited and Easterhouse Limited respectively.

(3) Schumann International Limited and Handel International Limited are companies controlled by Cranwood Company Limited and Ms. Chau Hoi Shuen is entitled to exercise more than one-third of the voting power at the general meetings of Cranwood Company Limited.

By virtue of the SFO, Cranwood Company Limited is deemed to be interested in the 580,000,000 shares of the Company and 348,000,000 shares of the Company held by Schumann International Limited and Handel International Limited respectively in addition to 63,004,363 shares of the Company held by itself.

By virtue of the SFO, Ms. Chau Hoi Shuen is deemed to be interested in 63,004,363 shares of the Company, 580,000,000 shares of the Company and 348,000,000 shares of the Company held by Cranwood Company Limited, Schumann International Limited and Handel International Limited respectively.

(4) Cranwood Company Limited, Schumann International Limited and Handel International Limited have charged 63,004,363 shares of the Company, 580,000,000 shares of the Company and 348,000,000 shares of the Company respectively in favour of HWL on 20 July 2009.

Save as disclosed above, as at 30 June 2010, the Directors are not aware of any other person or corporation having an interest or short position in the shares and underlying shares of the Company representing 5% or more of the issued share capital of the Company.

Directors' Interests in Competing Business

Mr. Frank Sixt and Mrs. Susan Chow, the non-executive Chairman of the Company and a non-executive Director respectively, are executive directors of HWL, Cheung Kong Infrastructure Holdings Limited ("CKI") and directors of certain of their respective Associates (collectively referred to as "HWL Group" and "CKI Group" respectively). In addition, Mr. Frank Sixt is also a non-executive director of CKH and Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH") and director of certain of their Associates (collectively referred to as "CKH Group" and "HTHKH Group" respectively). Mr. Frank Sixt was a non-executive director of Hutchison Telecommunications International Limited ("HTIL" whose shares were delisted from the Stock Exchange on 25 May 2010 and whose American depository shares were delisted from the New York Stock Exchange on 4 June 2010) during the period up to 25 May 2010 and director of certain of their Associates (collectively referred to as the "HTIL Group"). Mrs. Susan Chow is a non-executive director of HTHKH and director of certain of their Associates, and was a non-executive director and an alternate director of HTIL during the period up to 25 May 2010 and director of certain of their Associates. Mr. Edmond Ip, a non-executive Director, is the deputy managing director of CKH, the senior vice president and chief investment officer of CK Life Sciences Int'l., (Holdings) Inc. ("CK Life"), the deputy chairman of CKI and a non-executive director of Excel Technology International Holdings Limited ("Excel Technology"). HWL Group is engaged in e-commerce, Internet and information technology services. CKH Group, CKI Group, CK Life and Excel Technology are engaged in information technology, e-commerce or new technology where applicable. HTIL Group is engaged in providing mobile telecommunications services. HTHKH Group operates GSM dual-band and 3G mobile telecommunications services in Hong Kong and Macau and provides fixed-line telecommunications services in Hong Kong. The Directors believe that there is a risk that such businesses may compete with those of the Group.

Save as disclosed above, none of the Directors or their respective Associates have any interests in a business which competes or may compete with the business of the Group during the six months ended 30 June 2010.

Audit Committee

The Company has established an audit committee ("Audit Committee") in January 2000. Written terms of reference in compliance with the Listing Rules have been adopted for the Audit Committee.

The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group. The Audit Committee comprises three independent non-executive Directors, namely, Mr. Henry Cheong, Ms. Anna Wu and Mr. James Sha and a non-executive Director, namely, Mrs. Angelina Lee. Mr. Henry Cheong is the chairman of the Audit Committee.

The unaudited condensed consolidated results of the Group for the six months ended 30 June 2010 have been reviewed by the Audit Committee.

Code on Corporate Governance Practices

The Company has complied with all the code provisions of the Code on Corporate Governance Practices ("Code") contained in Appendix 14 to the Listing Rules for the six months ended 30 June 2010, except that the Chairman of the board of directors was unable to attend the Company's annual general meeting held on 14 May 2010 (which was required under the Code provision E.1.2) as he was out of town for another engagement.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code contained in Appendix 10 to the Listing Rules. Having made specific enquiry of the Directors, all the Directors confirmed that they have complied with the required standard as set out in the Model Code during the six months ended 30 June 2010.

Purchase, Sale or Redemption of Securities

During the six months ended 30 June 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

As at the date hereof, the Directors are:

Executive Directors:
Mr. Yeung Kwok Mung
Ms. Angela Mak

Non-executive Directors:
Mr. Frank Sixt (Chairman)
Ms. Debbie Chang
Mrs. Susan Chow
Mr. Edmond Ip
Mrs. Angelina Lee

Independent non-executive Directors:
Mr. Henry Cheong
Ms. Anna Wu
Mr. James Sha

Alternate Director:
Mr. Francis Meehan
(Alternate to each of Mr. Frank Sixt, Ms. Debbie Chang, Mrs. Susan Chow and Mr. Edmond Ip)